



## MCC Plus HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM

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The Arizona Housing Finance Authority is implementing a new first-time homebuyer program which will be administered in a streamlined and expedient process. The MCC Plus Homebuyer Down Payment Assistance Program must be used in conjunction with the Mortgage Credit Certificate Program. The MCC Plus will offer assistance in the amount of 5% of purchase price, that can be used as down payment or closing costs. The Mortgage Credit Certificate Program operates as federal income tax credit which reduces the borrower's income taxes and in effect creates additional income for the borrower. This program is administered through a network of non-profit agencies throughout rural Arizona and is available in all areas of Arizona outside of Maricopa and Pima counties.

### Mortgage Credit Certificate:

The Arizona Housing Finance Authority (AzHFA) has issued the Mortgage Credit Certificate as a means of providing housing assistance for low and moderate income families. A Mortgage Credit Certificate operates as a federal income tax credit for an eligible borrower. It reduces the borrower's federal income taxes and, in effect, creates additional income for the borrower to use in making a monthly mortgage payment. The annual amount of the federal tax credit is 20% of the annual interest paid or accrued on the mortgage loan for the residence.

Example	\$200,000 Loan amount
	<u>x 6% Interest rate</u>
	\$ 12,000 Interest paid 1 <sup>st</sup> year
	<u>x 20% MCC credit rate</u>
	<b>\$ 2,400 Tax credit 1<sup>st</sup> year</b>

The amount of the federal tax credit that can be claimed each year cannot exceed the borrower's annual federal income tax liability, after all other credits and deductions. The itemized deduction for mortgage interest will be reduced by the amount of the tax credit. Unused tax credits under the program can generally be carried forward three years for federal tax purposes. The benefits of the Mortgage Credit Certificate are available for the life of the original mortgage as long as the borrower occupies the property as their primary residence.

The Mortgage Credit Certificate recipient must be a first-time homebuyer and plan to occupy the property as their primary residence. Prior ownership of a home within the last three years disqualifies the applicant as a first-time homebuyer unless the property is located in a target (census tract) area. There are census tracts located in Apache, Cochise, Coconino, Gila Graham, LaPaz, Mohave, Navajo, Santa Cruz and Yuma counties where buyers are not required to be first-time buyers and income and sales price limits are higher.

Mortgage Credit Certificates can be used with fixed-rate FHA, VA and Conventional loans, but a Mortgage Credit Certificate cannot be issued to a borrower who is refinancing an existing mortgage. A Mortgage Credit Certificate cannot be combined with the Mortgage Revenue Bond (MRB) program nor used with 100% seller financing or with the Neighborhood Stabilization Program (NSP).

The AzHFA will charge a program fee of 1% of the first mortgage amount as a one time administration charge, payable at the time of loan closing.

**Benefits:**

- 5% down payment assistance to be used as closing costs and/or down payment
- Mortgage Credit Certificate may reduce the borrower's federal income taxes
- Soft second is a zero interest, deferred payment loan
- Expedient streamlined process
- Can be used with an additional homebuyer assistance program except for the Mortgage Revenue Bond (MRB) or Neighborhood Stabilization Programs
- Must be used with a fixed rate loan
- Eligible units include new or previously occupied single family homes, condos, townhouses, permanently affixed manufactured housing (FHA insurable)

**Program Keys:**

- Must be a first time homebuyer, plan to occupy as primary residence and not had prior ownership in the last three years  
\*\*Certain census tracts located in various counties do not require applicants to be first-time buyers while offering higher income and sales price limits.
- Contribute a minimum of \$1000 of personal funds
- No cash back or debt consolidation
- Required to complete a homebuyer education class
- Must meet programs purchase price and income limits
- Ratios cannot exceed 31/43
- Credit score for all borrowers must be at 620 or above
- Independent professional inspection to be done on the property and obtain a home warranty
- 1% MCC Fee to be collected at closing
- Lender closing costs not to exceed 3% of the loan (excluding prepaids, title fees & MI)

**Household Income:**

This program considers HOUSEHOLD INCOME, which includes the income of borrower, spouse and the income of all who will reside in the home 18yrs of age or older.

**Recapture:**

When a Mortgage Credit Certificate recipient chooses to sell their home, a Recapture Tax may be imposed if all of the following occur:

- The property is sold within the first nine years of ownership; and
- A profit is made on the sale of the home; and
- The owner's income exceeds the allowable limits at the time of sale.

**DPA Agency Representatives:**

The following agencies administer the MCC Plus program on behalf of the Arizona Housing Finance Authority. Please consult the table below for the agency listed in the county where your first time homebuyer wishes to purchase a home:

<b>AREA BY COUNTY</b>	<b>AGENCY</b>	<b>PHONE #</b>
<b>Gila and Pinal</b>	<b>Comm. Action Human Resources Agency (CAHRA)</b>	<b>520-466-1112</b>
<b>Yuma</b>	<b>Housing America Corporation (HAC)</b>	<b>928-627-4221</b>
<b>Apache and Navajo</b>	<b>Northern AZ Council of Governments (NACOG)</b>	<b>928-289-6020</b>
<b>Coconino and Yavapai</b>	<b>Northern AZ Council of Governments</b>	<b>928-774-1895, ext 1148</b>
<b>Cochise, Graham, Greenlee and Santa Cruz</b>	<b>South Eastern AZ Governments Organization (SEAGO)</b>	<b>520-432-5301</b>
<b>La Paz and Mohave</b>	<b>Housing America Corporation (HAC)</b>	<b>928-718-1888</b>